

Honorable Julie Spector
Noted for Hearing: Friday August 24, 2018
Without Oral Argument

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

ROY BRONSIN HAUETER, et. al.,
Defendant(s).

NO. 17-2-33035-3 SEA

STATE'S MOTION TO AMEND
THE COMPLAINT

I. INTRODUCTION

The State of Washington (Plaintiff) respectfully moves this Court for an order amending the complaint in the above-entitled action. The proposed amendment is attached. This motion is based on CR 15(a) and the interests of justice.

II. STATEMENT OF FACTS

On December 21, 2017, Plaintiff filed its complaint against Roy Bronsin Haueter, members of his family, a for-profit business, and four charities for violations of the Charitable Solicitations Act. Since filing, all defendants have retained counsel, the parties have engaged in discovery, and the full picture of the fraudulent enterprise has unfolded. The complaint filed in 2017 no longer accurately encompasses the breadth and depth of the conduct and scheme at issue.

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III. ARGUMENT

Requests to Amend Pleadings Should be Granted Unless the Amendment Would Prejudice the Opposing Party.

The Court may permit amendments to a complaint when “justice so requires.” CR 15(a). The purpose of the rule is to “facilitate a proper decision on the merits” and leave should be freely granted. *Watson v. Emard*, 165 Wn.App. 691, 697, 267 P.3d 1048 (2011).¹ A decision to permit amendment is left to the sound discretion of the trial court but the Court should consider 1) undue delay, 2) juror confusion, and 3) unfair surprise. *Id.* at 698. Furthermore, the Court should consider additional factors if the amended complaint adds new claims and new parties. *Id.*

1. New Claims

New claims made in an amended pleading should be permitted so long as they “relate to the conduct, transactions, or occurrences in the original pleading.” *Id. citing Miller v. Campbell*, 164 Wn. 2d 529, 537, 192 P.3d 352 (2008). Not even “inexcusable neglect is [] a ground for denying a motion to add new claims.” *Stansfield v. Douglas Cnty.*, 146 Wn.2d 116, 122, 43 P.3d 498 (2002).

Here, the new claims arise out of the same overall conduct and scheme. Plaintiff’s proposed sixth and seventh causes of action deal with the charity defendants’ continued failure to follow the law as it relates to registering as a charitable organization and making charitable solicitations. These claims deal with the same body of law and the same general facts at issue in the original claims. Plaintiff’s eighth cause of action adds claims dealing with the directors’ and officers’ duties as trustees to a charitable trust. The conduct that forms the basis for this claim is the same or similar to the conduct alleged in the original Complaint.

¹ Note that the discussion in *Emard* relates to statutes of limitations and relation back amendments, which are not at issue here. However, even if one were to adopt the more stringent standard applicable in that situation, the State’s amendment should be permitted.

1 The Ninth and Tenth causes of action deal with the Nonprofit Corporations Act, which
2 also governs the charity defendants in this action. The Ninth Cause of Action arises out of
3 conduct that is ongoing and was at issue in the original Complaint. The Tenth Cause of Action
4 arises out of new information discovered as a part of the discovery process. At the time of the
5 original Complaint, all four charities were associated with one of four nonprofit corporations.
6 However, shortly after filing, Defendants filed Articles of Dissolution. *** Then, during
7 discovery, the State received copies of bank statements indicating the dissolved corporations
8 failed to distribute their assets despite attesting that they did. *** The complained of conduct is
9 directly related to the conduct alleged in the original complaint.

10 2. New Parties

11 A plaintiff may add a new party to a complaint via an amendment so long as the party to
12 be added has received notice of the institution of the action and will not be prejudiced in
13 mounting its defense. CR 15(c), *cited by Emard*, 165 Wn.App., at 700. Here, the State seeks to
14 add additional parties that either did not exist as of the time of the filing of the complaint or are
15 essentially aliases of existing parties. The State alleges Family Entertainment Corporation,
16 Colonial Park Home, Country Cabins and Mobile Park, and Leavenworth Lodge, LLC, are Roy
17 Haueter. In support of these allegations, the State intends to prove:

18 Roy Haueter and his wife are the sole owners of the corporations and they commingle
19 their own funds with the two of the four corporate accounts (Colonial Park and Leavenworth
20 Lodge do not appear to have bank accounts). All but one of the business entities
21 – Family Entertainment – serve no commercial purpose and are, instead, holding companies for
22 the family’s assets. Roy Haueter receives income from the existing nonprofit defendants
23 funneled through Family Entertainment. In short, all of the conduct that would make Roy
24 Haueter’s business entities liable in this action is the same conduct at issue in the original
25 complaint. Moreover, all of the entities knew about the lawsuit because Roy Haueter (or his alias
26 Bronsin Haueter) is the registered agent for all of the new defendants.

1 The State also intends to prove that the remaining two new entity defendants – Turnkey
2 Leasing, LLC, and Universal Publishing, LLC, were created by Brandon Haueter after the State
3 filed its complaint in this case. Turnkey Leasing, LLC, was created to assume the business
4 activities of Haueter Enterprises’s alias Turnkey Leasing. Universal Publishing, LLC, was
5 created to assume the business activities of Family Entertainment Corporation’s alias Universal
6 Publishing. Brandon Haueter created these LLCs because he and his father have a difference of
7 opinion regarding whether the business entities should be LLCs or corporations. Again, both of
8 these new defendants knew about the litigation before they were formed because Brandon
9 Haueter was one of the initial defendants and is the registered agent for both entities.

10 **3. None of the Defendants are Prejudiced by the Amendment**

11 Neither the new nor the original defendants can show prejudice by the proposed amended
12 complaint. First, the actions of the various entities have been at issue throughout the investigation
13 and discovery process. As noted above, the conduct is nearly identical except conduct that
14 occurred during the pendency of this action. Second, the amendment does not add additional
15 parties whose representatives were not already part of the action. The registered agents of the
16 new defendants are already a part of this action. Third, the amendments prevent the existing
17 defendants from using holding companies to protect their ill-gotten assets. Finally, requiring the
18 Plaintiff to file a new action alleging the new causes of action and the new defendants would
19 result in prejudice to all involved because it would double the litigation costs and be an inefficient
20 use of judicial, state, charitable, and personal resources.

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1 **II. CONCLUSION**

2 Because the State's proposed amended complaint will not cause the new or existing
3 Defendants prejudice, does not cause undue delay, will not confuse any fact-finder, and will not
4 result in unfair surprise, the Court should allow the State's amendment.

5 DATED this 16th day of August, 2018.

6 ROBERT W. FERGUSON
7 Attorney General

8 
9 _____
10 JOSHUA STUDOR, WSBA #47183
11 LYNDA ATKINS, WSBA #52396
12 Assistant Attorney General
13 Attorneys for Plaintiff State of Washington
14 800 Fifth Avenue, Suite 2000
15 Seattle, WA 98104
16 (206) 464-7745

17 I certify that this memorandum contains 1135 words, in
18 compliance with the Local Civil Rules.
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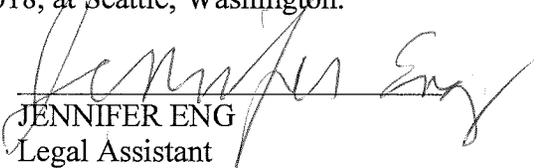
CERTIFICATE OF SERVICE

I certify that I served a copy of the foregoing on the following parties via the following methods:

Kevin T. Steinacker Steinacker Law PLLC 615 E. Pioneer, Ste. 212 Puyallup, WA 98372 Tel.: (253) 242-3558 Email: kevin@steinackerlaw.com	<input type="checkbox"/> Legal Messenger <input checked="" type="checkbox"/> First-Class Mail, Postage Prepaid <input type="checkbox"/> Certified Mail, Receipt Requested <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> King County E-Service <input type="checkbox"/> Email
Jeffrey I. Tilden Gordon Tilden Thomas & Cordell LLP 1001 4th Ave, #4000 Seattle, WA 98154 Tel.: (206) 467-6477 Email: jtilden@gordontilden.com	<input type="checkbox"/> Legal Messenger <input checked="" type="checkbox"/> First-Class Mail, Postage Prepaid <input type="checkbox"/> Certified Mail, Receipt Requested <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> King County E-Service <input type="checkbox"/> Email

I certify, under penalty of perjury under the laws of the State of Washington, that the foregoing is true and correct.

DATED this 16th day of August, 2018, at Seattle, Washington.


 JENNIFER ENG
 Legal Assistant

Proposed Amended Complaint

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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

ROY BRONSIN HAUETER and BILLEE
KAE HAUETER, individually and as part of
their marital community; TRACEE VELOY
RICHARDSON, individually and as part of
her marital community; BRANDON VAN
HAUETER and NANCY KERR HAUETER,
individually and as part of their marital
community; HAUETER ENTERPRISES,
LLC, a Washington limited liability company,
d/b/a TURNKEY LEASING and WEST
COAST AUTO; TURNKEY LEASING,
LLC, a Washington limited liability company;
FAMILY ENTERTAINMENT
CORPORATION, a Washington corporation,
d/b/a UNIVERSAL PUBLISHING;
UNIVERSAL PUBLISHING, LLC, a
Washington limited liability company;
COUNTRY CABINS AND MOBILE PARK,
LLC, a Washington limited liability company;
COLONIAL PARK HOME, LLC, a
Washington limited liability company;
LEAVENWORTH LODGE, LLC, a
Washington limited liability company;
CHILDREN'S SAFETY SOCIETY, f/k/a/
CHILDREN'S SAFETY BUREAU, a
Washington nonprofit corporation, a/k/a
NEEDY CHILDRENS SHOPPING SPREE;
NEEDY CHILDREN'S HUNGER
EMERGENCY FUND, BACK TO SCHOOL
CHILDREN'S RELIEF, POVERTY

NO. 17-2-33035-3 SEA

(PROPOSED) FIRST AMENDED
COMPLAINT FOR INJUNCTIVE AND
OTHER RELIEF UNDER THE
CONSUMER PROTECTION ACT, THE
CHARITABLE SOLICITATIONS ACT,
THE CHARITABLE TRUST ACT, AND
THE NONPROFIT CORPORATIONS
ACT

1 CHILDREN'S SHOPPING SPREE,
2 HOLIDAY RELIEF MEAL FUND;
3 SEARCH AND RESCUE CHARITIES, a
4 Washington nonprofit corporation, a/k/a
5 HOLIDAY RELIEF FUND; EMERGENCY
6 RELIEF NETWORK f/k/a EMERGENCY
7 RELIEF SERVICES, a Washington nonprofit
8 public benefit corporation, a/k/a BACK TO
9 SCHOOL HELPING HANDS; CHILDREN'S
10 HUNGER RELIEF AID, a Washington
11 nonprofit corporation, f/k/a CANCER EXAM
12 NETWORK and CHILDREN'S HOSPITAL
13 EMERGENCY FUND,
14 Defendants.

15 Plaintiff, State of Washington, by and through its attorneys Robert W. Ferguson,
16 Attorney General, and Joshua G. Studor and Lynda L. Atkins, Assistant Attorneys General,
17 brings this action against the Defendants named herein for relief under the Consumer Protection
18 Act (RCW 19.86), the Charitable Solicitations Act (RCW 19.09), the Charitable Trust Act (RCW
19 11.110), and the Nonprofit Corporations Act (RCW 24.03). Defendants have engaged in unfair
20 and deceptive practices in the course of soliciting charitable contributions in the state of
21 Washington, have breached their duties to one or more charitable trusts, and have violated
22 requirements of the Nonprofit Corporations Act.

23 I. PARTIES

24 1.1 Plaintiff is the State of Washington (the "State").

25 1.2 Defendants Roy Bronsin Haueter (AKA Roy Bronsin) and Billee Kae Haueter
26 are a married couple currently residing in Leavenworth, Washington. All actions taken by
Defendants Roy Bronsin Haueter and Billee Kae Haueter as alleged in this Complaint are for the
benefit of their marital community.

1.3 Defendant Tracee Veloy Richardson is the daughter of Roy Bronsin Haueter and
Billee Kae Haueter and is a resident of Redmond, Washington.

1.4 Defendants Brandon Van Haueter and Nancy Kerr Haueter are a married couple
residing in Bonney Lake, Washington. All actions taken by Defendants Brandon Van Haueter

1 and Nancy Kerr Haueter as alleged in this Complaint are for the benefit of their marital
2 community.

3 1.5 Defendant Haueter Enterprises, LLC is a Washington for-profit limited liability
4 company with its principal place of business in Tacoma, Washington. Haueter Enterprises is also
5 known as Turnkey Leasing and West Coast Auto. It is exclusively owned and operated by
6 Brandon Haueter and Nancy Kerry Haueter.

7 1.6 Defendant Turnkey Leasing, LLC, is a Washington for-profit limited liability
8 company with its principal place of business in Tacoma, Washington, formed in 2017. It is
9 exclusively owned and operated by Brandon Haueter and Nancy Kerr Haueter.

10 1.7 Defendant Family Entertainment Corporation is a Washington for-profit
11 corporation with its principal place of business in Leavenworth, Washington. It claims to provide
12 printed material for the non-profit entity defendants under the name Universal Publishing.
13 Family Entertainment is exclusively owned and operated by Roy Haueter.

14 1.8 Defendant Universal Publishing, LLC, is a Washington for-profit limited liability
15 company with its principal place of business in Tacoma, Washington. It is exclusively owned by
16 Brandon Haueter and Nancy Kerr Haueter.

17 1.9 Defendant Colonial Park Home, LLC, is a Washington limited liability company
18 and has no true principal place of business. Colonial Park Home is merely a holding company
19 exclusively owned and operated by Bronsin Haueter and Billee Haueter.

20 1.10 Defendant Country Cabins and Mobile Park, LLC, is a Washington for-profit
21 limited liability company with its principal place of business in Cashmere, Washington. Country
22 Cabins is a real estate holding company owned and operated exclusively by Bronsin Hauter and
23 Billee Haueter.

24 1.11 Defendant Leavenworth Lodge, LLC, is a Washington for-profit limited liability
25 company and has no true principal place of business. Leavenworth Lodge, LLC, existed as a
26 holding company for Roy Haueter and Billee Haueter's primary residence between September

1 2013 and April 2018.

2 1.12 Defendant Children's Safety Society (formerly known as Children's Safety
3 Bureau) is a Washington nonprofit corporation and is registered as a charitable organization with
4 the Washington Secretary of State. Children's Safety Society also operates and solicits donations
5 under the names Children's Hunger Emergency Fund, Back to School Children's Relief Fund,
6 Poverty Children's Shopping Spree, Holiday Relief Meal Fund, MAKE A BIRTHDAY WISH,
7 Public Safety Clinic, Needy Childrens (sic) Shopping Spree, and Operation Summer Camp.

8 1.13 Defendant Search and Rescue Charities (formerly known as Washington State
9 Crime Education Task Force, United States Crime Education Task Force, and US Crime
10 Education Task Force) was a Washington nonprofit corporation and a charity registered with the
11 Washington Secretary of State. Search and Rescue Charities also operated and solicited
12 donations under the name Holiday Relief Fund and Northwest Bloodhounds Search and Rescue.
13 Mindee Graver and Defendant Roy Haueter filed Articles of Dissolution on January 23, 2018.

14 1.14 Defendant Emergency Relief Network (formerly known as Emergency Relief
15 Services, Senetta Walton CES, and Senetta Walton Christian Educational Society of Tacoma) is
16 a Washington nonprofit public benefit corporation and is registered as a charitable organization
17 with the Washington Secretary of State. Emergency Relief Network also operates and solicits
18 donations under the name Back to School Helping Hands.

19 1.15 Defendant Childrens (sic) Hunger Relief Aid was a Washington nonprofit
20 corporation and was registered as a charitable organization with the Washington Secretary of
21 State. Childrens Hunger Relief Aid previously operated and solicited donations under the names
22 Cancer Exam Network and Childrens Hospital Emergency Fund. Cancer Exam Network
23 formally changed its name with the Washington Secretary of State to Childrens Hospital
24 Emergency Fund in March 2015. Childrens Hospital Emergency Fund took steps to change its
25 name with the Washington Secretary of State to Childrens Hunger Relief Aid in July 2016.
26 Mindee Graver and Defendant Roy Haueter filed Articles of Dissolution on January 23, 2018.

1 1.16 The term “Defendants” in this Complaint refers collectively to all defendants in
2 paragraphs 1.2 through 1.15, as well as their agents, servants, employees, or representatives.

3 **II. JURISDICTION & VENUE**

4 2.1 The State files this Complaint pursuant to its authority under the Consumer
5 Protection Act (RCW 19.86), the Charitable Solicitations Act (RCW 19.09), the Nonprofit
6 Corporations Act (RCW 24.03), and the Charitable Trust Act (RCW 11.110). The Attorney
7 General has authority under RCW 19.86.080 to prevent and restrain violations of the Consumer
8 Protection Act. The Attorney General has authority under RCW 19.09.340 to prevent and
9 restrain violations of the Charitable Solicitations Act. The Attorney General has authority under
10 RCW 11.110.120 to prevent and restrain violations of the Charitable Trust Act. The Attorney
11 General has authority to seek involuntary dissolution of a nonprofit corporation under
12 RCW 24.03.040.

13 2.2 This Court has personal jurisdiction over Defendants under RCW 19.86.080,
14 RCW 19.09.340, and RCW 11.110.120. Defendants have submitted themselves to the
15 jurisdiction of this Court by engaging in the conduct set forth in this Complaint in the State of
16 Washington, including in King County. Defendants have engaged in conduct in King County
17 and elsewhere in the state of Washington that violates the Consumer Protection Act and the
18 Charitable Solicitations Act.

19 2.3 This Court has subject matter jurisdiction over this action pursuant to
20 RCW 19.86.080, RCW 19.86.140, RCW 11.110.120, and RCW 24.03.266.

21 2.4 Venue is proper in King County pursuant to RCW 4.12.020 and RCW 4.12.025.
22 Defendants have solicited and received donations from individuals and business entities located
23 in King County, and Defendants maintain post office boxes and/or mail drops in King County
24 for the receipt of solicited donations.

25 2.5 Defendants Roy Bronsin Haueter, Billee Kae Haueter, Tracee Veloy Richardson,
26 Brandon Van Haueter, and Nancy Kerr Haueter serve or have served as officers of one or more

1 of the corporate defendants. Corporate officers who participate in the wrongful conduct alleged
2 in this Complaint, or with knowledge have approved of the wrongful conduct alleged in this
3 Complaint, are individually liable for such wrongful conduct. *State v. Ralph Williams' North*
4 *West Chrysler Plymouth, Inc.*, 87 Wn.2d 298, 322, 553 P.2d 423 (1976).

5 III. FACTS

6 3.1 Defendants Children's Safety Society, Search and Rescue Charities, Emergency
7 Relief Network, and Children's Hunger Relief Aid (the "Charities") represent themselves as
8 charitable organizations and accept donations and charitable contributions. The Charities
9 solicited and received charitable contributions in the state of Washington. While operating in
10 Washington, the Charities also solicited and received charitable contributions from consumers
11 in Oregon, Idaho, Montana, California, and Alaska. The Charities solicit consumers for
12 contributions over the telephone, through written solicitation material delivered through the mail,
13 and/or over the Internet and do so through a variety of d/b/a and a/k/a entity names. Although
14 the Charities use the services of paid solicitors to conduct telephone and written fundraising
15 activities, Defendants misrepresent that such paid solicitors are volunteers, "charity helpers" or
16 "reps" and are not otherwise paid by a commercial fundraiser.

17 3.2 Defendant Roy Bronsin Haueter is the moving force behind all violations of the
18 Charitable Solicitations Act, Charitable Trust Act, Nonprofit Corporation Act and Consumer
19 Protection Act described herein. At various times, Defendant Roy Bronsin Haueter has held
20 himself out as the manager, executive director, secretary, or President of the Charities and several
21 of the for-profit entities, even if those roles were not formalized by corporate formalities.

22 3.3 Defendant Brandon Haueter plays an integral role in the daily operation and
23 fundraising of the four charity Defendants. From 2000 to 2011, Brandon Haueter, with the aid
24 of Roy Haueter, ran A Growing Concern (aka Community Services), a for-profit commercial
25 fundraising company. To operate A Growing Concern, Brandon Haueter purchased office and
26 telemarketing equipment and computer databases. The four Defendant charities were A Growing

1 Concern's primary clients.

2 3.4 In July 2011, A Growing Concern dissolved but its assets remained in the control
3 of Brandon Haueter. In 2010, Brandon Haueter began using the tradename Turnkey Leasing.

4 3.5 In 2010, Haueter Enterprises/Turnkey Leasing (represented by Brandon Haueter)
5 and Universal Publishing (represented by Roy Haueter) entered into contracts with all four of
6 the Defendant charities of which Roy Haueter was the executive director. In the contracts,
7 Brandon Haueter agreed to provide the Defendant charities use of his telemarketing and office
8 equipment and manage the call center operations in return for \$5,600 per month. In addition,
9 Roy Haueter agreed to "publish and distribute" magazines and process the charities' mail and
10 banking needs in exchange for 20 percent of the charities' gross receipts. The Defendant charities
11 also agreed to pay Brandon Haueter \$2,000 in rent for 9449 S. Park Ave., Tacoma, Washington.

12 3.6 The four charity Defendants are, and have always been, Haueter
13 Enterprises/Turnkey Leasing's only clients.

14 3.7 For decades and continuing during all times relevant to this Complaint, Defendant
15 Roy Bronsin Haueter controlled the day to day operations of the Charities regardless of whether
16 Roy Bronsin Haueter had a formalized role in any of the Charities. This activity includes, but is
17 not limited to: (a) controlling the bank accounts of the Charities; (b) controlling the PayPal
18 accounts of the Charities; (c) writing checks from the bank accounts of the Charities; (d)
19 receiving and processing donations made to the Charities; (e) controlling the solicitation
20 activities of the Charities, including drafting and/or editing the scripts for verbal solicitations
21 and the text of written solicitations; (f) negotiating and signing contracts on behalf of the
22 Charities; and (g) taking other acts that otherwise bind or indebt the Charities.

23 3.8 Because of the control exerted by Defendant Roy Bronsin Haueter over the
24 Charities, the lack of physical office space maintained by the Charities, and the lack of corporate
25 formalities undertaken by the Charities, the principal place of business for each charity is
26 unclear. Defendant Roy Bronsin Haueter nevertheless maintains a number of post office boxes

1 and mail drops throughout the state of Washington. The purpose of these alternative mailing
2 addresses is to appear to be operating locally to various communities throughout the state of
3 Washington. For example, when a consumer residing in Gig Harbor or Sumner is solicited on
4 behalf of the Charities, that consumer is provided a post office box number in Tacoma to receive
5 the donation. A consumer residing in East Wenatchee is provided a post office box number in
6 Wenatchee, a consumer in Port Orchard is provided a post office box in Bremerton, a consumer
7 in Burlington or Sedro Woolley is provided a post office box in Mount Vernon, etc. Defendant
8 Roy Bronsin Haueter also maintains post office boxes and mail drops throughout Oregon, Idaho,
9 Montana, California, and Alaska to allow the Charities to misrepresent to consumers in those
10 states that they are local charitable organizations.

11 3.9 Beginning in 2010 and continuing through at least March 2015, Defendant Tracee
12 Veloy Richardson was the President of Cancer Exam Network, which is now known as
13 Children's Hunger Relief Aid and has also operated under the name Children's Hospital
14 Emergency Fund. During this time frame, and upon information and belief, Defendant Tracee
15 Veloy Richardson participated in all wrongful conduct alleged in this Complaint undertaken by
16 Cancer Exam Network / Children's Hospital Emergency Fund and/or was so willfully ignorant
17 of the activities of the charity and/or grossly negligent in carrying out her duties as President that
18 she is individually liable for such violations of the Consumer Protection Act, Charitable
19 Solicitations Act, and Charitable Trust Act.

20 3.10 Between 2010 and continuing through at least March 2015, Defendant Nancy
21 Kerr Haueter was the Secretary of Cancer Exam Network, which is now known as Children's
22 Hunger Relief Aid and has also operated under the name Children's Hospital Emergency Fund.
23 During this time frame, and upon information and belief, Defendant Nancy Kerr Haueter
24 participated in all wrongful conduct alleged in this Complaint undertaken by Cancer Exam
25 Network / Children's Hospital Emergency Fund and/or was so willfully ignorant of the activities
26 of the charity and/or grossly negligent in carrying out her duties as Secretary that she is

1 individually liable for such violations of the Consumer Protection Act, Charitable Solicitations
2 Act, and Charitable Trust Act.

3 3.11 Beginning in 2012 and continuing to the present, Defendant Billee Kae Haueter
4 has served as the Secretary of Defendant Search and Rescue Charities. For some period in 2014,
5 Defendant Billee Kae Haueter served as the Treasurer of Defendant Search and Rescue Charities.
6 During this time frame, and upon information and belief, Defendant Billee Kae Haueter
7 participated in all wrongful conduct alleged in this Complaint undertaken by Search and Rescue
8 Charities and/or was so willfully ignorant of the activities of the charity and/or grossly negligent
9 in carrying out her duties as Secretary/Treasurer that she is individually liable for such violations
10 of the Consumer Protection Act, Charitable Solicitations Act, and Charitable Trust Act.

11 3.12 Beginning in 2013 and continuing to the present, Defendant Billee Kae Haueter
12 has served as the Secretary of Defendant Emergency Relief Network. During this time frame,
13 and upon information and belief, Defendant Billee Kae Haueter participated in all wrongful
14 conduct alleged in this Complaint undertaken by Emergency Relief Services and/or was so
15 willfully ignorant of the activities of the charity and/or grossly negligent in carrying out her
16 duties as Secretary that she is individually liable for such violations of the Consumer Protection
17 Act, Charitable Solicitations Act, and Charitable Trust Act.

18 3.13 In November 2017, all four charities failed to renew their charitable organization
19 registration and provide an annual accounting of their charitable activities for 2016. On January
20 3, 2018, the Secretary of State administratively closed all of the charities. However, on
21 November 30, 2017, Defendant Roy Haueter and his daughter, Mindee Graver, registered
22 Emergency Relief Services as a new charitable organization using information from the 2016
23 accounting year. On December 6, 2017, Roy Haueter and Mindee Graver registered Children's
24 Safety Bureau as a new charitable organization using information from the 2015 accounting year.

25 3.14 To date, none of the four charities have provided an accounting for 2017 and only
26 Emergency Relief Services has accounted for 2016.

1 3.15 Defendants Brandon Van Haueter, and Nancy Kerr Haueter are the owners,
2 members, and operators of Defendant Haueter Enterprises. Defendant Brandon Van Haueter is
3 the managing member of Haueter Enterprises and controls the portions of the company that
4 operate under the name Turnkey Leasing.

5 3.16 Under the arrangement as it existed before November 2011, each of the four
6 charities take turns soliciting for approximately three-month. For example, Children's Safety
7 Society solicits for the Needy Childrens Shopping Spree during the fall months while Search
8 and Rescue Charities solicits in the winter. Each charity pays Brandon Haueter and Roy Haueter
9 for the quarter during which it solicits.

10 3.17 The four charities employ the same individuals to make telephone solicitations
11 from the call center at 9449 S. Park Ave., Tacoma. Brandon Haueter, under the guise of Turnkey
12 Leasing, reports the employees' hours to a bookkeeper. The bookkeeper calculates the
13 employees' paychecks and sends that information back to Brandon Haueter who uses the
14 charities' checkbooks to write out the checks. Brandon Haueter then stamps Roy Haueter's
15 signature on them.

16 3.18 Using the name Turnkey Leasing, Defendant Haueter Enterprises directly or
17 indirectly solicits or receives contributions within this state for or on behalf of charitable
18 organizations or is engaged in the business of soliciting or receiving contributions for charitable
19 organizations.

20 3.19 Defendant Haueter Enterprises is not registered as a commercial fundraiser with
21 the Washington Secretary of State. Defendant Haueter Enterprises has not filed any commercial
22 fundraising contracts with the Washington Secretary of State. Defendant Haueter Enterprises
23 does not carry a surety bond for its fundraising activities.

24 3.20 On December 26, 2017, Defendants Brandon Haueter and Nancy Kerr Haueter
25 formed Defendant Turnkey Leasing, LLC, and both have served as its governors since. On
26 information and belief, Defendant Turnkey Leasing, LLC, has taken over or intends to take over

1 the commercial fundraising activities of Haueter Enterprises.

2 3.21 Defendant Roy Haueter formed Family Entertainment Corporation in 1986 and
3 has held himself out as president ever since. Beginning in approximately 2010, Family
4 Entertainment (under the trade name Universal Publishing) has contracted with the four non-
5 profit Defendants to provide written material for distribution to Washington consumers and to
6 process incoming charitable donations. During this time, Roy Haueter claims to have written and
7 published informative magazines for distribution to various doctor office and hospital waiting
8 rooms. On information and belief, Family Entertainment does not write or distribute magazines.
9 Instead, Family Entertainment has only published one magazine for each charity and the content
10 of the four magazines is almost entirely plagiarized from internet sources. On information and
11 belief, Roy Haueter uses Family Entertainment Corporation's assets as his own and funnels
12 assets to the other for-profit and individual defendants.

13 3.22 Defendant Country Cabins and Mobile Park, LLC, was created and run by Roy
14 Haueter from its formation in May 2012. Roy Haueter registered Country Cabins and Mobile Park
15 under the alias "Bronsin Haueter." On information and belief, Defendants Roy Haueter and
16 Billee Haueter use Country Cabins and Mobile Park to hold and obscure their personal assets.

17 3.23 Defendant Leavenworth Lodge LLC was created in August 2013, for the sole
18 purpose of holding assets and property for the benefit of the Haueter family. Defendant Roy
19 Haueter, under the alias "Bronsin Haueter" formed the LLC and listed his wife and six children
20 as governors. On information and believe, Leavenworth Lodge, LLC, serves no commercial
21 purpose.

22 3.24 Defendant Colonial Park Home, LLC, was formed in 2011, by Defendant Roy
23 Haueter, under the alias "Bronsin Haueter." On information and belief, Colonial Park Home,
24 LLC, exists solely to hold assets and property for the benefit of the Haueter family and serves
25 no commercial purpose.

26 3.25 As set forth in greater detail herein, and in the causes of action below, Defendants

1 have engaged in a pattern of deceptive, unfair, and misleading charitable solicitation activity and
2 self-dealing that has financially enriched the Haueter family at the expense of Washington
3 consumers, as well as consumers in Oregon, Idaho, Montana, California and Alaska.

4 IV. FIRST CAUSE OF ACTION

5 False and Misleading Statements in Solicitations

6 4.1 Plaintiff realleges Paragraphs 1.1 through 3.25 and incorporates them herein as if
7 set forth in full.

8 4.2 Defendants have made false, misleading, and deceptive statements to consumers
9 in solicitations for charitable contributions. Such misrepresentations have included, but are not
10 limited to:

- 11 • Misrepresenting that the charity seeking donations is local to the consumer;
- 12 • Misrepresenting that donations being solicited will benefit local individuals in the
13 consumer's local community;
- 14 • Misrepresenting that Children's Hospital Emergency Fund is affiliated with Seattle
15 Children's Hospital, Sacred Heart Children's Hospital in Spokane, Mary Bridge
16 Children's Hospital in Tacoma, or any other children's hospital in the consumer's local
17 community;
- 18 • Stating or implying that urgent donations are required by the charity;
- 19 • Misrepresenting how donations will be used by the charity;

20 4.3 The conduct described in paragraphs 4.1 through 4.2 violates
21 RCW 19.09.100(15) as currently and previously enacted. Pursuant to RCW 19.09.340,
22 violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection
23 Act, RCW 19.86.

24 4.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 4.1
25 through 4.2 has the capacity to mislead a substantial number of consumers and constitutes unfair
26

1 or deceptive acts or practices in trade or commerce, and unfair methods of competition in
2 violation of RCW 19.86.

3 **V. SECOND CAUSE OF ACTION**

4 **Misrepresenting the Principal Place of Business of a Charity**

5 5.1 Plaintiff realleges Paragraphs 1.1 through 4.4 and incorporates them herein as if
6 set forth in full.

7 5.2 As detailed herein, Defendants provide a consumer a post office box or mail drop
8 closest to that consumer while Defendants are soliciting donations on behalf of the Charities.
9 These solicitations misrepresent that the Charities have a principal place of business in whatever
10 city that post office box or mail drop happens to be located.

11 5.3 The conduct described in paragraphs 5.1 through 5.2 violates RCW 19.09.100(1)-
12 (3) & (15) as currently and previously enacted. Pursuant to RCW 19.09.340, violations of the
13 Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

14 5.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 5.1
15 through 5.2 has the capacity to mislead a substantial number of consumers and constitutes unfair
16 or deceptive acts or practices in trade or commerce, and unfair methods of competition in
17 violation of RCW 19.86.

18 **VI. THIRD CAUSE OF ACTION**

19 **Misrepresenting the Status of Paid Solicitors**

20 6.1 Plaintiff realleges Paragraphs 1.1 through 5.4 and incorporates them herein as if
21 set forth in full.

22 6.2 Defendants Roy Bronsin Haueter, Brandon Van Haueter, Haueter Enterprises,
23 Children's Safety Society, Search and Rescue Charities, Emergency Relief Network, and
24 Children's Hunger Relief Aid have made false and misleading statements to consumers
25 concerning the paid status of the individuals soliciting on behalf of the charities. Such
26 misrepresentations have included, but are not limited to:

- 1 • That the person soliciting the charitable contribution is a volunteer or words of
2 similar meaning or effect that created the impression that the person soliciting is
3 not a paid solicitor; and/or
- 4 • That the person soliciting the charitable contribution is a member, staffer, helper,
5 or employee of the charitable organization or words of similar meaning or effect
6 that created the impression that the person soliciting is not a paid solicitor.

7 6.3 The conduct described in paragraphs 6.1 through 6.2 violates RCW 19.09.100(7)
8 & (15) as currently and previously enacted. Pursuant to RCW 19.09.340, violations of the
9 Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

10 6.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 6.1
11 through 6.2 has the capacity to mislead a substantial number of consumers and constitutes unfair
12 or deceptive acts or practices in trade or commerce, and unfair methods of competition in
13 violation of RCW 19.86.

14 VII. FOURTH CAUSE OF ACTION

15 Failure to Include Required Disclosures in Mass Solicitation Material

16 7.1 Plaintiff realleges Paragraphs 1.1 through 6.4 and incorporates them herein as if
17 set forth in full.

18 7.2 Defendants maintain and have maintained Internet websites that solicit
19 contributions from the general public. Defendants also have produced solicitation material
20 distributed to the general public. Defendants have failed to include in the solicitation material
21 the disclosures required by RCW 19.09.100(4). Specifically, Defendants have failed to disclose:
22 (a) the Secretary of State's toll-free number to call to obtain additional financial disclosure
23 information; and (b) the principal place of business of the charity.

24 7.3 The conduct described in paragraphs 7.1 through 7.2 violates RCW 19.09.100(4)
25 & (15). Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act are *per se*
26 violations of the Consumer Protection Act, RCW 19.86.

1 9.1 Plaintiff realleges paragraphs 1.1 through 8.5 and incorporates them herein by
2 this reference.

3 9.2 Defendant Search and Rescue Charities was involuntarily closed by the Secretary
4 State on January 3, 2018 for failing to complete its annual registration renewal, which was due
5 on November 20, 2017.

6 9.3 Defendant Childrens Hunger Relief Aid was involuntarily closed by the Secretary
7 of State on January 3, 2018, for failing to complete its annual registration renewal, which was
8 due on November 30, 2017.

9 9.4 Defendant Children’s Safety Society (Needy Children’s Shopping Spree) was
10 involuntarily closed by the Secretary of State on January 3, 2018, for failing to complete its
11 annual registration renewal, which was due on November 30, 2017.

12 9.5 Defendant Emergency Relief Network (Back to School Helping Hands) was
13 involuntarily closed by the Secretary of State on January 3, 2018, for failing to complete its
14 annual registration renewal, which was due on November 30, 2017.

15 9.6. On information and belief, Defendants Search and Rescue Charities, Childrens
16 Hunger Relief Aid, Children’s Safety Society, and Emergency Relief Network continued to
17 solicit charitable contributions.

18 9.7 The conduct described in paragraphs 9.1 through 9.6 violates the Charitable
19 Solicitations Act, specifically RCW 19.09.085 and RCW 19.09.100.

20 9.8 Pursuant to RCW 19.09.340, the violations described in paragraphs 9.1 through
21 9.6 are per se violations of the Consumer Protection Act, RCW 19.86.

22 **X. SEVENTH CAUSE OF ACTION**

23 **Violations of the Charitable Solicitations Act (RCW 19.09)**

24 10.1 Plaintiff realleges paragraphs 1.1 through 9.8 and incorporates them herein by
25 this reference.

1 10.2 None of the charity Defendants maintain a principle place of business. Instead,
2 all four of the charity Defendants list or have listed the address of a telemarketing office in
3 Tacoma, Washington and/or P.O. Boxes located in Spokane and Tacoma, Washington on their
4 filings with the Secretary of State.

5 10.3 None of the charity Defendants maintain accurate, current, and readily available
6 books and records at their usual business locations.

7 10.4 None of the charities maintain copies of annual or periodic reports detailing their
8 activities for 2016, 2017, or 2018.

9 10.5 The conduct described in paragraphs 10.1 through 10.4 violates the Charitable
10 Solicitations Act, specifically RCW 19.09.200 and RCW 19.09.210.

11 10.6 Pursuant to RCW 19.09.340, the violations described in paragraphs 10.1 through
12 10.4 are per se violations of the Consumer Protection Act, RCW 19.86.

13 **XI. EIGHTH CAUSE OF ACTION**

14 **Breach of Duty to a Charitable Trust**

15 11.1 Plaintiff realleges paragraphs 1.1 through 10.6 and incorporates them herein by
16 this reference.

17 11.2 Children's Safety Society, Search and Rescue Charities, Emergency Relief
18 Network, and Childrens Hunger Relief Aid are trustees of a charitable trust.

19 11.3 As fiduciaries of a trust, trustees owe duties of good faith, care, loyalty, and
20 integrity. Trustees of charitable trusts owe an additional duty to keep and render clear and
21 accurate accounts with respect to the administration of the trust and furnish complete and
22 accurate information as to the nature and amount of the trust property.

23 11.4 At all times relevant to this complaint, Defendants Roy Haueter, and Billee
24 Haueter were governors, directors, and/or officers of Search and Rescue Charities.

1 11.5 At all times relevant to this complaint, Defendants Roy Haueter, Billee Haueter,
2 and Tracee Richardson were governors, directors, and/or officers of Children's Hunger Relief
3 Aid.

4 11.6 At all times relevant to this complaint, Defendants Roy Haueter, and Tracee
5 Richardson are or were governors, directors, and/or officers of Children's Safety Society.

6 11.7 At all times relevant to this complaint, Defendants Roy Haueter and Billee
7 Haueter are or were governors, directors and/or officers of Emergency Relief Network.

8 11.8 Defendant Roy Haueter breached his statutory and common law duties to all of
9 the charitable trusts by:

- 10 • Engaging in self-dealing;
- 11 • Failing to address conflicts of interest inherent in business dealings between the
12 charitable organizations and his for-profit entities and family members; and
- 13 • Failing to account for the nature and amount of the trust property;

14 11.9 Defendants Billee Haueter and Tracee Richardson, breached their common law
15 duties of care by failing to supervise the management of the charitable organizations with the
16 degree of care, skill, and diligence that an ordinary prudent person would exercise in similar
17 affairs.

18 XII. NINTH CAUSE OF ACTION

19 Petition for Involuntary Dissolution

20 12.1 Plaintiff realleges paragraphs 1.1 through 11.9 and incorporates them herein by
21 this reference.

22 12.2 The Charities are or were nonprofit corporations registered with the Washington
23 Secretary of State under the provisions of the Nonprofit Corporations Act (RCW 24.03). The act
24 permits the Attorney General to seek involuntary dissolution of a nonprofit corporation when it
25 is established that the corporation has continued to exceed or abuse the authority conferred upon
26 it by law. RCW 24.03.250(2).

1 | conduct complained of herein.

2 | 14.2 That the Court adjudge and decree that the conduct complained of constitutes
3 | violations of the Charitable Solicitations Act, RCW 19.09, and *per se* violations of the Consumer
4 | Protection Act.

5 | 14.3 That the Court adjudge and decree that the conduct complained of constitutes
6 | unfair or deceptive acts and practices and an unfair method of competition and is unlawful in
7 | violation of the Consumer Protection Act, RCW 19.86.020.

8 | 14.4 That the Court adjudge and decree that the conduct complained of constitutes
9 | breaches of the trustee's duties under the Charitable Trust Act, RCW 11.110.

10 | 14.5 That the Court adjudge and decree that the directors and those in control of the
11 | charity defendants have acted, are acting, and will continue to act in a manner that is illegal,
12 | oppressive, and/or fraudulent.

13 | 14.6 That the Court adjudge and decree that the assets of the nonprofit corporation
14 | defendants are being misapplied or wasted.

15 | 14.7 That the Court adjudge and decree that any distribution of property and assets of
16 | Defendants Search and Rescue Charities and Childrens Hunger Relief Aid following their
17 | dissolution were *ultra vires* and void.

18 | 14.8 That the Court issue a permanent injunction enjoining and restraining the
19 | Defendants, and their representatives, successors, assigns, officers, agents, servants, employees,
20 | and all other persons acting or claiming to act for, on behalf of, or in active concert or
21 | participation with the Defendants, from continuing or engaging in the unlawful conduct
22 | complained of herein.

23 | 14.9 That the Court issue a permanent injunction enjoining and restraining Defendants
24 | Roy Bronsin Haueter, Billee Haueter, Brandon Haueter, and Nancy Kerr Haueter, from
25 | registering, operating, or holding a fiduciary role in any nonprofit corporation or charitable
26 | organization in perpetuity.

1 **CERTIFICATE OF SERVICE**

2 I certify that I served a copy of the foregoing on the following party/parties via the
3 following methods:

<p>4 Kevin T. Steinacker 5 Steinacker Law PLLC 6 615 E. Pioneer, Ste. 212 7 Puyallup, WA 98372 8 Tel.: (253) 242-3558 9 Email: kevin@steinackerlaw.com wendy@steinackerlaw.com</p>	<p><input type="checkbox"/> Legal Messenger <input type="checkbox"/> First-Class Mail, Postage Prepaid <input type="checkbox"/> Certified Mail, Receipt Requested <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email <input checked="" type="checkbox"/> King County E-Service</p>
<p>10 Jeffrey I. Tilden 11 Gordon Tilden Thomas & Cordell LLP 12 1001 4th Ave, #4000 13 Seattle, WA 98154 14 Tel. (206) 4647-6477 15 Email: jtilden@gordontilden.com eevans@gordontilden.com</p>	<p><input type="checkbox"/> Legal Messenger <input type="checkbox"/> First-Class Mail, Postage Prepaid <input type="checkbox"/> Certified Mail, Receipt Requested <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email <input checked="" type="checkbox"/> King County E-Service</p>

16 I certify under penalty of perjury under the laws of the State of Washington that the
17 foregoing is true and correct.

18 DATED this ____ day of August, 2018, at Seattle, Washington.

19 _____
20 JENNIFER ENG
21 Legal Assistant